

**MINUTES OF REGULAR MEETING OF
THE REDEVELOPMENT COMMISSION OF GREENSBORO
TUESDAY, NOVEMBER 16, 2004**

REGULAR MEETING

The Redevelopment Commission of Greensboro met in regular meeting in the Planning Conference Room, 3rd Floor, Melvin Municipal Building, on Tuesday, November 16, 2004 at 5:05 p.m. Present were: Chair Bill Benjamin, Joe Wood, Nettie Coad, and Jerry Leimenstoll (arrived at 5:22 p.m.). Dan Curry, Barbara Harris, Dyan Arkin, and Mary Beth Kerns represented the Housing and Community Development Department (HCD). Jim Blackwood, Esq., was present as legal counsel for the Commission.

Chair Benjamin called the meeting to order, introduced himself, and welcomed everyone to the meeting. He asked that anyone wishing to speak come up to the microphone, identify themselves, and give their address.

1. APPROVAL OF THE MINUTES OF OCTOBER 19, 2004.

Mr. Wood moved approval of the October 19, 2004 minutes as written, seconded by Ms. Coad. The Commission voted 2-0-1 in favor of the motion. (Ayes: Wood, Coad. Nays: None. Abstain: Benjamin.)

2. WILLOW OAKS NEIGHBORHOOD. ACQUISITION OF 1600 McCONNELL ROAD.

Ms. Arkin said 1600 McConnell was a vacant 1,277 square foot masonry building on a 5,544 square foot lot, constructed in 1922. Although the lot was zoned multifamily, the building, which had been partitioned to accommodate two office/retail spaces, was previously used for commercial purposes. The appraiser described the existing structure as being in "derelict condition," and initially provided an opinion of value of \$4,000, which included a deduction of \$6,000 for estimated demolition costs. Based upon the recommendation of the reviewer, the appraisal was amended to exclude estimated demolition costs. The amended appraisal provided an opinion of value of \$10,000. The reviewer recommended acceptance of the appraisal as amended. The Commission was asked to set an offer price of \$10,000, the appraised value.

Mr. Wood moved that the Commission authorized staff to offer the appraised value of \$10,000 for 1600 McConnell Road, seconded by Ms. Coad.

There was a general discussion on who should pay demolition costs, not only for the subject property, but also for other properties at which the Commission would be looking in the future. The differences between residential properties and industrial properties, with or without environmental impacts, with and without remedial assessment, were also discussed.

In response to a question from Chair Benjamin, Mr. Curry said, particularly as concerned the South Elm Street properties, there would be a provision in any contract where the Commission purchased land that if the owner were a responsible party for contamination on their property, that they were not totally absolved of any responsibility just because they were selling it to the City but this also did not necessarily mean the owner would have to pay the entire amount of remediation either. It was a difficult issue and it might take a while to determine who the responsible parties were or who the legal entities were that may not have caused the problem, but may have some responsibility for it.

Mr. Curry said the subject case was unusual. Normally when the Commission bought a property, while the Commission might have a plan to demolish that house, a lot of times that house could just as easily sell on the private market to somebody who might do something else with it other than demolish it. That was a majority of the acquisition work that the Commission did and that was the primary reason that the Commission has as a policy not to look to recoup demolition costs as part of the Commission's offer to the owner because the Commission was the one who wanted to demolish it, not the owner, and it may not be the marketplace that would do that. In this case, this building was a little different because it really does not have any use and it is virtually impossible to use this building. He could understand why the appraiser probably looked at it that way.

Chair Benjamin said in effect, it is something that would have to be contended with, even if this owner wanted to use it himself, he would have to face the same issue of removing it. He was comfortable with going ahead and voting in favor of offering the \$10,000, but it also struck him that they would get to another situation eventually where some building was going to cost the Commission a lot more money to remove and if it was a situation where it was a handicap to the value of the property, he thought it was appropriate for the appraisal to show that handicap because that was what fair market appraisals were all about.

Chair Benjamin said in most cases, there was a value and the Commission was paying for the value. The value was actually there and the appraiser says that this adds onto to the value of the land underlying it. In this case, it, in effect, was a falling down building with no ability to be used in its condition. It had to be removed and we're actually paying more than the market would pay.

In response to a question from Ms. Coad, Ms. Arkin said this structure had not been actively used as a store for a minimum of five years. The situation was that this was an heir property and it was already vacant when the current owner inherited it. Staff has been in communication with the owner for upwards of two to three years because there was a potential for this building to be considered historic and trying to restore it. Several potential investors actually came to the table and tried to explore that possibility.

Counsel Blackwood said the Commission needs to establish fair market value. What you have is that the property was grandfathered as commercial, but ceased to be used and has lost its grandfathered position and could not be commercial again. It only qualifies now to have a single-family structure on it. Most of the appraisals you see take into account the condition of the property. You would just see the appraisal say that it was in poor condition, but the use was still conforming and the structure was still there and perhaps capable, through repairs, of being made more valuable. Even those appraisals take into account the depreciated situation of improvements on the land.

Ms. Arkin said staff has, in the past, had appraisals where the value of the improvement was zero, so the land value was all that the Commission actually paid. As a rule, staff has not had appraisals come in that are a negative value for the demolition. Because that had not been done in the past, staff did not feel it was appropriate to start here. Staff accepted that there was no value for the actual building. Ms. Coad said she was inclined to agree with the appraiser.

Chair Benjamin said the motion was to offer the value, without limitation, of \$10,000 for 1600 McConnell Road. The Commission voted 3-0-1 in favor of the motion. (Ayes: Benjamin, Wood, Coad. Nays: None. Abstain: Leimenstoll.) (Mr. Leimenstoll arrived during this discussion, but was not present

for its entirety.)

3. SOUTH ELM STREET. OPTIONAL ACQUISITION & RELOCATION POLICY.

Mr. Curry said this was a continuation of several discussions they had had concerning the South Elm Street project. Based on guidance that the Commissioners gave staff previously, enclosed with the Commissioners' packets was a draft Optional Acquisition and Relocation Policy for South Elm Street. Staff was presenting this policy to the Commissioners for consideration and recommendation. This policy outlined the steps and procedures that would be followed to offer an opportunity for current property owners in the South Elm Street Brownfield project area to sell their property to the Redevelopment Commission prior to the adoption of a Redevelopment Plan for this project. Any such sales would be voluntary since the Redevelopment Commission did not yet have condemnation authority for this project.

Mr. Curry summarized some of the key points of the handout. The area under consideration for this Optional Policy was the core area of the South Elm Street Brownfield site. It was 27 specific parcels of land owned by 15 different property owners. The policy was only to be in place until such time as the Commission approved and City Council adopted a Redevelopment Plan for this project. Staff estimates that to be approximately a year away. Staff was now soliciting proposals for a master planning team and should have a team on board early in 2005. Staff estimated an 8 to 10 month process to get the master plan prepared and have a Redevelopment Plan ready to go through a public hearing process.

Chair Benjamin asked what would happen if everybody sold their property to the Commission prior to the plan being in place.

Counsel Blackwood said then the Commission would need to address zoning and have a plan to assemble and dispose and convey.

Mr. Curry said the Planning Board had already certified the area as blighted. So it wouldn't have any impact on the eligibility of the area for certification of a Redevelopment Area. He also said there would be no budgetary issue to fund any or all of those acquisitions. He said staff believed at this time that the current budget that they had was sufficient to purchase all 27 properties. Once those funds are in hand, the Commission would have the funds to move forward should all 27 property owners decide they wanted to sell.

Mr. Wood said exclusive of environmental assessments, what were they looked at as a budget for land acquisition only? What was the targeted amount?

Mr. Curry said he thought the budget in their grant application was approximately \$2 million to purchase the property, exclusive of any remediation that might have to be done. He said that would not be inclusive of relocation expenses. The way they would move forward in purchasing the properties would be the same as if they had a Redevelopment Plan in place. The timing of it would be a little different, which he would explain. Mr. Curry pointed out what was different in this process

versus what the Commissioners would normally be accustomed to in terms of a property acquisition

and relocation program. He then went through each of the steps. He further said that staff would not proceed to the next step until the one in front of it had been completely settled or understood.

Mr. Curry said any occupants would get a full reasonable amount of time as if the Commission had started the process earlier.

Ms. Arkin said the Commission was required to give a minimum of 90 days notice. In the past on properties that they did not have a need for immediately, staff has worked on an individual basis with tenants and owner occupants to negotiate much longer-term leases and they had allowed them to go past the 90 days. Staff only gave the 90-day notice if they needed the property within those 90 days.

Mr. Curry said that one other issue that could snag this process and one of the reasons that a lot of times they do have to go through the condemnation process was to get a clear title and that was a very frequent occurrence on older neighborhoods. So they could go through the process and do everything right and still have an issue at the end if there were issues with the title that could not be cleared.

Mr. Curry said that if the Commission takes action on this item this evening, then staff would submit it for the City Council's consideration at their meeting on December 7th.

Mr. Leimenstoll moved that the Commission approve the optional acquisition and relocation policy as set forth by staff, seconded by Mr. Wood.

Chair Benjamin asked (1) if there was anything people could do such as entering into lease agreements that would cost the Commission an additional cost from this point forward and (2) was there a threshold that they wanted to reach where we say we are not going to do anything?

Mr. Curry said there were things that could happen that could raise the Commission's costs. Obviously, vacant properties can be occupied so that would impact the relocation program. He said on the question of long-term leases, he would turn that over to the Commission's attorney to respond because he knew that in a condemnation action, they could deal with leases.

Counsel Blackwood said you could condemn the lease holdings and the fee interest at the same time. Oftentimes that was addressed in lease and in terms of really looking at this, we would want to know whether or not there were any leases in place and what was the status of them. And in effect, when somebody goes out to appraise it, they were appraising the total value so you may end up with a situation where a tenant had a right to a portion of that value.

After some discussion, Chair Benjamin called the question. The Commission voted 4-0 in favor of the motion. (Ayes: Benjamin, Wood, Coad, Leimenstoll. Nays: None.)

4. PHILLIPS-LOMBARDY NEIGHBORHOOD: LETTER OF INTEREST FROM DEVELOPER.

Chair Benjamin said what he took the letter to be was the expression of interest from a developer in buying certain properties located along Phillips Avenue. There was not a price set forth, but the Commission would have to say whether or not it was interested in letting them do this.

Ms. Harris said actually the proposed use did not comply with the current Redevelopment Plan for the area. The parcels they identified would be used for retail, but that property was designated in the current Redevelopment Plan for residential use. Ms. Harris said this was the land between the strip shopping center and the convenience store parking lot.

Mr. Curry said the Redevelopment Plan was adopted in approximately 1990. He said this property was actually on the other side of the creek from the quarry site. On the map, he pointed out Phillips Avenue, Lombardy Street and where the creek was, and he pointed out the quarry site. He said Barto Place was the next street and there was a strip shopping center that was privately owned. He also pointed out the land at which this developer was looking. The Commission owned it and the Plan shows the whole area as residential.

Mr. Wood said realistically the Plan would have to be amended if the Commission wanted to sell to this developer and let him use it as commercial. He asked if the Commission would have to petition the Zoning Board to rezone the property back to commercial?

Mr. Curry said the Commission would probably petition for the rezoning if the desire of the Commission was to sell the property for that use. Mr. Curry said staff's recommendation would be that the Commission not proceed with this proposal until the Commission had met with the community and discussed what they might want to see happen there.

Mr. Wood moved that the Commissioners table this matter until they had an opportunity to speak with community representatives who could give the Commissioners their feelings on whether or not they would like to see this property commercially developed. Ms. Coad said she would second that, but she would also like the community to be aware of the request to this Commission.

Mr. Curry said he thought staff would agree with the statement that it was time to revisit the Plan because it had been a long time and they had not been able to figure out how to dispose of this property. He said he believed the strip was still zoned commercial. These subject lots were zoned residential because the Plan showed it as residential and then when the City went through a comprehensive rezoning, they followed the Redevelopment Plan and rezoned it to residential.

Mr. Curry said he thought staff would ask for an audience in a neighborhood meeting and just present the fact that the Commission received this request and officially tabled any action on it and that the Commission would like to work with the neighborhood organization to explore options for development of the property.

Chair Benjamin called the question. The Commission voted 4-0 in favor of the motion. (Ayes: Benjamin, Wood, Coad, Leimenstoll. Nays: None.)

5. STAFF UPDATE ON CHANGES IN APPRAISAL PROCESS.

Ms. Arkin presented a flow chart showing the process for obtaining appraisals authorized by the Commission for potential acquisitions.. She said there were very few changes in the process and staff had just tried to formalize the process and lay it out in a more methodical way. It was a work in

process and staff would value any input that the Commissioners would like to give and were not

asking for any sort of action on this.

Ms. Arkin then walked the Commissioners through the flow chart describing the appraisal process. She said staff had tried to formalize it somewhat, but this was essentially the way that they had always done it, with the exception of using reconciliations.

Mr. Wood said he thought this formalized what the Commission had been asking staff to do. With the clarification of the reconciliation, he thought it was just fine.

In response to a question, Ms. Harris said the property owner receives a copy of the appraisal for their property prior to the matter coming before the Commission for acquisition.

In response to another question, Ms. Arkin said the Commission could not require the property owner to get an appraisal or as many appraisals as they wished and the Commission could not require the owner to share the appraisal(s) with the Commission unless the owner so desired.

Counsel Blackwood said there was nothing the Commission could do other than instituting an eminent domain action and then during discovery requesting information as to any experts the owner had or any appraisal(s) that the owner had. If they fail to disclose, hopefully you have a judge who would institute sanctions such as not allowing that to be presented as evidence.

Chair Benjamin said it should be explained to the people clearly what their choices were.

Ms. Arkin said all of that information is in all of the letters that are sent with the different documents. When staff sends the appraisal and notifies them about the Commission meeting, there was information that went to them at that point about the process. When staff gives them an offer, there was information that also goes to them.

Mr. Wood moved acceptance of the actual formalization of their procedure, seconded by Mr. Leimenstoll. The Commission voted 4-0 in favor of the motion. (Ayes: Benjamin, Wood, Coad, Leimenstoll. Nays: None.)

6. ADDITIONAL BUSINESS

Ms. Kerns there were three lots remaining in Rosewood, 1318 and 1322 Mayfair Street and 1319 Meadow. The neighborhood had indicated an interest in wanting SHARE of North Carolina to develop single-family owner-occupied housing on the three lots, as they did on Gatewood Avenue in 2002.

Counsel Blackwood said SHARE of North Carolina was a non-profit corporation. They were organized for the purposes of trying to provide affordable housing. There had been three appraisers that had established the value of the three lots at \$30,000. Under the statutes the Commission was authorized to convey to a non-profit for such purposes in accordance with the Redevelopment Plan after calling for a public hearing to be held to consider that. So the purpose of this presentation was to ask the Commission to advertise the call for a public hearing presumably at the next meeting, but at least 15 days prior to it, to consider the sale of the property to a non-profit corporation for those purposes. Set

forth in the purchase contract would be restrictions that would say that they were to be built as single-

family owner-occupied in accordance with the plans and specifications approved by the Commission and the neighborhood.

Mr. Leimenstoll moved that a public hearing be called to consider the sale of the above enumerated properties to SHARE of North Carolina as above prescribed, seconded by Mr. Wood.

Counsel Blackwood said the fact that these would be single-family owner-occupied dwellings would be in the restrictive covenants and with the purchase contract that they would submit all the drawings, specifications, site plans, etc., for approval prior to commencing construction. He also pointed out that the drawings, specifications, site plans, etc., should be submitted to the Commission or its designated agents and employees. The reason he worded it that way was if the Commission elected to designate certain others to review the documents, the Commission could do so. The contract had been drawn up with the restrictions. It would be submitted to the Commission for approval. He said, if approved, SHARE was to commence work on the houses within 60 days from that date and would be completed within a year and a half.

Mr. Curry said SHARE of North Carolina was a non-profit organization. The City also had a similar agreement with Habitat for several ongoing projects.

Chair Benjamin said it had been moved that the Commission agree to call a public meeting to discuss a sales contract that was proposed with SHARE of North Carolina for sale of three lots at 1318 and 1322 Mayfair Street and 1319 Meadow Street for a total of \$30,000, subject to some conditions, etc., that were discussed previously. Jerry Leimenstoll will be the Commission's designated representative to review the plans, along with staff, to make sure that they were appropriate. This public hearing will be held at the Commission's next scheduled meeting, whether that was in December 2004 or January 2005. The Commission voted 4-0 in favor of the motion. (Ayes: Benjamin, Wood, and Coad, Leimenstoll. Nays: None.)

Mr. Curry said briefly staff was planning to do a series of focus discussions regarding the Music Garden property (Ole Asheboro Neighborhood). The dates for that were Tuesday, December 14 and Wednesday, December 15. At the Tuesday, December 14 discussion, there would be an opportunity for the Commissioners to meet with the facilitator to discuss thoughts and ideas about it. Mr. Curry said staff did not know what was going to be produced on that property, so they did not know whether it would be with private or public dollars. The Heyges had proposed donating the land to the Land Conservancy, which would donate it to the City, which would then theoretically develop the site. The proposal was for a public open space. This set of meetings was to listen to all the parties, get all the issues on the table, and probably on the 15th, the following day, they would have a joint discussion where all the parties would be invited to come together, review all the issues and see if there was some consensus.

Mr. Curry said what was being proposed for the 14th was that the facilitator would meet individually with each of the parties - the Commission being one of those parties, the owners being a party, the neighborhood planning committee being one of the parties and City staff being one of the parties - and having those individual discussions and then the following day bringing everybody together.

Mr. Wood moved that the Commission change its regularly scheduled meeting in December to

December 14th, at which time the Commission would hear a proposal from the facilitator regarding the Music Garden property; following that, the Commissioners would have a discussion amongst themselves and designate a maximum of two representatives to represent the Redevelopment Commission the next day and give their viewpoints at the roundtable discussion, thereby avoiding any conflict with the open meeting. Mr. Leimenstoll seconded the motion.

Chair Benjamin said there was a motion that the December meeting of the Commission be held a week earlier than usual on December 14, 2004 at 5 p.m., so that the facilitator for the Music Garden property will be able to meet with the Commission and make suggestions for the property involving the Music Garden; the Commission will also have a regular meeting, which would include the public meeting for the Rosewood item. The Commission voted 4-0 in favor of the motion. (Ayes: Benjamin, Wood, Coad, Leimenstoll. Nays: None.)

Mr. Curry said every five years the City was required to do a Strategic Plan for how they would spend their Federal funds for the next five years. Staff was in the process of putting that Strategic Plan together. On the 2nd and 3rd of December, staff would set up shop over at Grace Church and have a series of discussions about the needs in the community and what strategy should they follow during the next five year to meet those needs. He said this would be strictly Housing and Community Development. He said the Commissioners would receive an invitation to this. The Commissioners would be participating with their other fellow citizens in talking about the issues.

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There being no further business before the Commission, the meeting was adjourned at 7:21 p.m.

Respectfully submitted,

Dan Curry, Assistant Secretary
Greensboro Redevelopment Commission

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